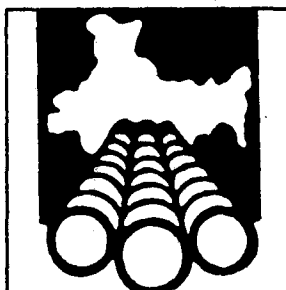


KUNSTSTOFFE INDUSTRIES LTD.

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KUNSTSTOFFE INDUSTRIES LIMITED

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DPV	NA
TRA	✓		AC	✓
ACM	✓		SHI	✓
YE	✓			✓

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1997

Annexure
1997-1998

KUNSTSTOFFE INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Pravin V. Sheth
 Mr. H.K. Vithalani
 Ms. Vilina P. Sheth
 Mr. Bhadresh H. Shah
 Mr. A.K. Aggarwal
 Mr. J.B. Patel
 Mr. Y.J. Shabbir
 Mr. Marcus Hawercamp
 Mr. T.R. Bajalia (Nominee of IDBI)

AUDITORS

P.M. Turakhia & Associates, Chartered Accountants,
 Mumbai

SOLICITORS

Kantilal Underkat & Co., Mumbai
 Divyakant Mehta & Associates, Mumbai

Registered Office

Basant Court,
 Opp. Sion Rly. Station,
 Sion (W),
 Mumbai - 400 022.

WORKS

Airport Road,
 Kadaiya Village,
 Nani Daman,
 (Daman, Union Territory)

REGISTRAR & TRANSFER AGENTS

Consolidated Share Services Pvt. Ltd.
 Shanti Nagar Cross Road 'A'
 Near M.I.D.C. Bus Depot,
 Mumbai - 400 093.

ANNUAL REPORT 1997**NOTICE**

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the members of KUNSTSTOFFE INDUSTRIES LIMITED will be held at 10.30 A.M. on Monday, 29th June, 1998 at Basant Court, Near Sion Rly. Station, Sion (West), Mumbai - 400 022, to transact the following business:

ORDINARY BUSINESS

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st December, 1997 and Profit and Loss Account for the year ended as on that date and the reports of the Auditors and Directors thereon.
- (2) To appoint a Director in place of Mr. H.K. Vithalani who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint a Director in place of Mr. B.H. Shah who retires by rotation and being eligible offers himself for reappointment.
- (4) To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

- (5) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Pravin V. Sheth who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing proposing his candidature for the Office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

- (6) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mrs. Vilina P. Sheth who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing proposing her candidature for the Office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

- (7) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. A.K. Aggarwal who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing proposing his candidature for the Office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

- (8) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. J.B. Patel who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing proposing his candidature for the Office of the Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

- (9) To consider and if thought fit, to pass with or without modification the following resolution as an Special Resolution.

"RESOLVED that pursuant to sub-section (1) of Section 163 of the Companies Act, 1956 the Company

KUNSTSTOFFE INDUSTRIES LTD.

hereby approves that the Register and Indices of Members, the Register and Indices of Debenture-holders, if any, and copies of all Annual Returns prepared under Section 159 of the Act, together with the copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act be Kept at the Office of Consolidated Share Services Pvt. Ltd. Registrars and Transfer Agents of the Company, situated at Shanti Nagar, Cross Road A Near MIDC Bus Depot, Andheri(E) Mumbai 400 093."

By order of the Board

Bhadresh H. Shah
(Director)

Registered Office :
Basant Court,
Opp. Sion Railway Station
Sion (W)
Mumbai-400 022
Date : 23 May, 1998

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of members and the Share Transfer Books of the company will remain closed from Monday, 22nd June, 1998 to Monday, 29th June, 1998 (both days inclusive.)
4. Members are requested to intimate immediately any change in their address to the Registrar and Transfer Agents of the Company.

5. As a measure of economy, the copies of the Annual Report shall not be distributed at the Meeting and therefore. Members are requested to bring their copies of the Annual Report to the Meeting.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

Mr. Pravin V. Sheth, was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only upto the date of Annual General Meeting. As required by Section 257 of the Act, a Notice has been received from a member signifying his intention to propose the appointment of Mr. Pravin V. Sheth as a Director along with the deposit of Rs.500/-

The Board feels that his continuance on the Board would be in the best interest of the Company.

Except Mr. Pravin V. Sheth and Mrs. Vilina P. Sheth none of the directors is interested in the resolution.

Item No. 6

Mrs. Vilina P. Sheth, was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, she holds office as a Director only upto the date of Annual General Meeting. As required by Section 257 of the Act, a Notice has been received from a member signifying his intention to propose the appointment of Mrs. Vilina P. Sheth as a Director along with the deposit of Rs.500/-

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The Board feels that her continuance on the Board would be in the best interest of the Company. Except Mrs. Vilina P. Sheth and Mr. Pravin V. Sheth none of the directors is interested in the resolution.

Item No. 7

Mr.A.K.Aggarwal, was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only upto the date of Annual General Meeting. As required by Section 257 of the Act, a Notice has been received from a member signifying his intention to propose the appointment of Mr. A.K. Aggarwal, as a Director along with the deposit of Rs.500/-

The Board feels that his continuance on the Board would be in the best interest of the Company.

Except Mr. A.K. Aggarwal none of the directors is interested in the resolution.

Item No. 8

Mr.J.B. Patel, was appointed as an Additional Director by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as a Director only upto the date of Annual General Meeting. As required by Section 257 of the Act, a Notice has been received from a member signifying his intention to propose the appointment of Mr. J.B. Patel, as a Director along with the deposit of Rs.500/. The Board feels that his continuance on the Board would be in the best interest of the Company. Except Mr. J.B. Patel none of the directors is interested in the resolution.

Item No. 9

The business of Registrars and Transfer Agents,

carried on by M/s. On-Time Professional Services Pvt. Ltd., Mumbai 400 006. have been taken over by M/s. Consolidated Share Services Pvt. Ltd., Mumbai. Consequently, the Register of Members, Debentureholders and copies of all Annual Returns and other documents are to be kept with the Registrars at their office, Near MIDC Bus Depot, Andheri (E), Mumbai - 400 093. at Shanti Nagar, Cross Road 'A'.

Your Directors recommend the passing of the Special Resolution at Item No. 9 of the Notice. None of the Directors of the Company is interested in the said resolution.

By order of the Board

Bhadresh H. Shah
(Director)

Registered Office :
Basant Court,
Opp. Sion Railway Station
Sion (W)
Mumbai-400 022
Date : 23 May, 1998

KUNSTSTOFFE INDUSTRIES LTD.**ANNEXURE B**

Information as per Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the period 31st December, 1997

Sr. No.	Name of the Employee	Age	Designation/ Nature of duty	Remuneration (Rs.)	Qualification	Date of Commence ment	Particulars of last Employement held
Employed through out the year							
1.	Mrs. Vilina P. Sheth	37	Executive Director	Rs. 1,17,500	B.A., M.B.A. (Industrial Management)	1.8.1993	-

NOTES :

1. Remuneration received includes Salaries, Bonus, Contribution to Provident Fund etc.
2. The nature of employment in all cases is contractual.

For and on behalf of the Board

PRAVIN V. SHETH
Chairman

Place : Mumbai

Date : 23rd May, 1998

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AUDITORS' REPORT

To the Members of
KUNSTSTOFFE INDUSTRIES LIMITED.

We have audited the attached Balance Sheet of KUNSTSTOFFE INDUSTRIES LTD. as on 31st December, 1997 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Companies as we considered appropriate and as per the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments, in the Annexure referred to in Paragraph 1 above :

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

(b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.

(c) The Balance Sheet and Profit & Loss Account dealt with by the Report are in agreement with the books of account.

(d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the

notes thereon in general and in particular part C note no. 2, 5 & 6 of Schedule No. 19 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.

(i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1997: and

(ii) In the case of the Profit and Loss Account of the loss of the company for the year ended on that date.

For P.M.TURAKHIA & ASSOCIATES
Chartered Accountants,
M.D. TURAKHIA
PROPRIETOR
Place : Mumbai
Dated : 23rd May, 1998

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF
AUDITOR'S REPORT OF EVEN DATE TO THE
MEMBERS OF KUNSTSTOFFE INDUSTRIES
LIMITED ON THE ACCOUNTS FOR THE YEAR
ENDED 31 ST DECEMBER, 1997.

1. The Company has maintained proper records to show full particulars of fixed assets. The fixed assets of the Company have been physically verified by the management during the year. No serious discrepancies were noticed on such verification.

2. None of the fixed assets have been revalued during the year.

3. The stock of finished goods, raw material, stores, spare etc have been physically verified by the Management at reasonable intervals during the year.

4. As explained to us, in our opinion the